

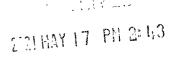
Control Number: 51415



Item Number: 485

Addendum StartPage: 0

SOAH DOCKET NO. 473-21-0538 PUC DOCKET NO. 51415



APPLICATION OF SOUTHWESTERN §

OF The STATE OFFICE

ELECTRIC POWER COMPANY FOR \$ AUTHORITY TO CHANGE RATES \$

ADMINISTRATIVE HEARINGS

TEXAS INDUSTRIAL ENERGY CONSUMERS' ERRATA TO THE DIRECT TESTIMONY AND EXHIBITS OF BILLIE S. LACONTE

Texas Industrial Energy Consumers ("TIEC") submits the following errata to the Direct Testimony and Exhibits of Billie S. LaConte:

Page 18, Line 4: Replace "private" with "self-".

Clean and redline errata pages are attached.

Respectfully submitted,

THOMPSON & KNIGHT LLP

/s/ James Z. Zhu

Rex D. VanMiddlesworth State Bar No. 20449400 Benjamin B. Hallmark State Bar No. 24069865 James Z. Zhu State Bar No. 24102683 98 San Jacinto Blvd., Suite 1900 Austin, Texas 78701 (512) 469.6100 (512) 469.6180 (fax)

ATTORNEYS FOR TEXAS INDUSTRIAL ENERGY CONSUMERS



CERTIFICATE OF SERVICE

I, James Zhu, Attorney for TIEC, hereby certify that a copy of the foregoing document was
served on all parties of record in this proceeding on this 17th day of May, 2021 by facsimile,
electronic mail and/or First Class, U.S. Mail, Postage Prepaid.

/s/ James Z. Zhu
James Zhu

Self-Insurance Reserve

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Q PLEASE DESCRIBE SWEPCO'S REQUEST FOR A SELF-INSURANCE RESERVE.

SWEPCO is requesting a self-insurance reserve for catastrophic, major storms.

SWEPCO states that the cost of private insurance is significantly more expensive than self-insurance.²⁷ The company is allowed to request a self-insurance reserve under PURA § 36.064. The reserve would cover expenses for major storms for which incremental expenses exceed \$500,000 for a single event.²⁸ Eligible costs exclude capitalized costs and regular labor expenses.²⁹ The incremental O&M expense

9 Q WHAT IS THE PROPOSED RATEMAKING TREATMENT OF THE RESERVE?

associated with major storms will be charged to the reserve account.30

A positive balance in the catastrophe reserve would be treated as a reduction to rate base. If the balance is negative, SWEPCO would treat it as a regulatory asset and add it to rate base.

13 Q WHAT IS THE AMOUNT OF THE PROPOSED SELF-INSURANCE RESERVE?

14 A The total proposed target self-insurance reserve is \$3.6 million.³¹ SWEPCO is 15 proposing to recover \$890,000 per year over four years to fund the reserve.³² In 16 addition, SWEPCO is proposing to recover \$799,700 annually for storms with costs of

²⁷ Direct Testimony of Gregory S. Wilson at 12.

²⁸ Direct Testimony of Michael A. Baird at 13.

²⁹ Id. at 14.

³⁰ *Id.* at 13-14.

³¹ Direct Testimony of Gregory S. Wilson at 4.

³² *Id.*

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PLEASE DESCRIBE SWEPCO'S REQUEST FOR A SELF-INSURANCE RESERVE.

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³² Id.